

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE MUNICIPAL DERIVATIVES
ANTITRUST LITIGATION

THIS DOCUMENT RELATES TO:
ALL ACTIONS

MDL No. 1950
08 Civ. 2516 (VM)(GWG)

**DEFENDANT GEORGE K. BAUM &
COMPANY'S ANSWER TO SECOND
CONSOLIDATED AMENDED CLASS
ACTION COMPLAINT**

Pursuant to Rules 7(a)(2) and 8(b) of the Federal Rules of Civil Procedure and Local Rule 33.3, Defendant George K. Baum & Company ("Baum"), by and through its undersigned counsel, hereby answers the Second Consolidated Amended Class Action Complaint ("Complaint"):

BAUM'S ANSWERS TO THE ALLEGATIONS IN THE COMPLAINT

Answer to Paragraph 1: Paragraph 1 consists of Plaintiffs' characterization of their Complaint, to which no response is required. Nevertheless, Baum denies the allegations in Paragraph 1 to the extent they relate to Baum. In particular, Baum denies knowledge of or participation in any conspiracy to fix, maintain or stabilize the price of, or to rig bids or allocate customers or markets for, municipal derivatives. Baum lacks knowledge or information sufficient to form a belief about the truth of any remaining allegations in Paragraph 1, and on that basis denies them.

Answer to Paragraph 2: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 2, and on that basis denies them.

Answer to Paragraph 3: Baum denies the legal conclusions in Paragraph 3. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining

allegations in Paragraph 3, and on that basis denies them. Baum respectfully refers the Court to the U.S. Department of Justice ("DOJ") website cited in Paragraph 3 for its content.

Answer to Paragraph 4: Baum admits that the DOJ has filed a motion for a limited stay of discovery in this case, and respectfully refers the Court to the DOJ's motion for its content. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 4, and on that basis denies them.

Answer to Paragraph 5: Baum denies the allegations in Paragraph 5 to the extent they relate to Baum. In particular, Baum denies that it was party to any illegal agreement, understanding, or conspiracy among providers and brokers, and Baum denies that it knowingly participated in any conspiracy to limit competition. Baum denies the legal conclusions in Paragraph 5. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 5, and on that basis denies them.

Answer to Paragraph 6: Baum admits that the DOJ's Antitrust Division, the IRS, and a small number of state attorneys general have conducted preliminary investigations related to municipal bonds or derivatives. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 6, and on that basis denies them.

Answer to Paragraph 7: Paragraph 7 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent that Paragraph 7 contains allegations against Baum, Baum denies those allegations. In particular, Baum denies that Plaintiffs suffered any injury caused by any actions of Baum, that Baum "issued and/or sold Municipal Derivatives" at "all relevant times," that Baum combined or conspired with others to fix prices, rig bids, or allocate customers or markets of Municipal Derivatives sold in the United States and its territories, or otherwise engaged in unlawful conduct. Baum denies that the requirements for a

class action have been met in this case. Baum denies the legal conclusions in Paragraph 7. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 7, and on that basis denies them.

Answer to Paragraph 8: Paragraph 8 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent that Paragraph 8 contains allegations against Baum, Baum denies that the Complaint asserts claims against Baum upon which relief may be granted, whether under Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 & 26, Section 1 of the Sherman Act, 15 U.S.C. § 1, or any other statute or legal authority. Baum denies the legal conclusions in Paragraph 8. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 8, and on that basis denies them.

Answer to Paragraph 9: Baum denies the allegations in Paragraph 9 as legal conclusions.

Answer to Paragraph 10: Baum admits that it transacted business or had agents in this District during portions of the Class Period. Baum denies that it engaged in any overt acts in furtherance of any conspiracy. Baum denies the remaining allegations in Paragraph 10 as legal conclusions.

Answer to Paragraph 11: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 11, and on that basis denies them.

Answer to Paragraph 12: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 12, and on that basis denies them.

Answer to Paragraph 13: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 13, and on that basis denies them.

Answer to Paragraph 14: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 14, and on that basis denies them.

Answer to Paragraph 15: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 15, and on that basis denies them.

Answer to Paragraph 16: The first sentence of Paragraph 16 is Plaintiffs' characterization of their Complaint, to which no response is required. At any rate, Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 16, and on that basis denies them.

Answer to Paragraph 17: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 17, and on that basis denies them.

Answer to Paragraph 18: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 18, and on that basis denies them.

Answer to Paragraph 19: Paragraph 19 is Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 19, and on that basis denies them.

Answer to Paragraph 20: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 20, and on that basis denies them.

Answer to Paragraph 21: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 21, and on that basis denies them.

Answer to Paragraph 22: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 22, and on that basis denies them.

Answer to Paragraph 23: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 23, and on that basis denies them.

Answer to Paragraph 24: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 24, and on that basis denies them.

Answer to Paragraph 25: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 25, and on that basis denies them.

Answer to Paragraph 26: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 26, and on that basis denies them.

Answer to Paragraph 27: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 27, and on that basis denies them.

Answer to Paragraph 28: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 28, and on that basis denies them.

Answer to Paragraph 29: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 29, and on that basis denies them.

Answer to Paragraph 30: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 30, and on that basis denies them.

Answer to Paragraph 31: Paragraph 31 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 31, and on that basis denies them.

Answer to Paragraph 32: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 32, and on that basis denies them.

Answer to Paragraph 33: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 33, and on that basis denies them.

Answer to Paragraph 34: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 34, and on that basis denies them.

Answer to Paragraph 35: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 35, and on that basis denies them.

Answer to Paragraph 36: Baum admits the first sentence in Paragraph 36. Baum denies that it has acted as a broker in transactions on behalf of any of the named Plaintiffs, and denies that any "Class" or the term "Municipal Derivatives" is well defined, and on that basis denies the remaining allegations in the second sentence of Paragraph 36.

Answer to Paragraph 37: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 37, and on that basis denies them.

Answer to Paragraph 38: Baum denies the allegations in Paragraph 38 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 38, and on that basis denies them.

Answer to Paragraph 39: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 39, and on that basis denies them.

Answer to Paragraph 40: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 40, and on that basis denies them.

Answer to Paragraph 41: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 41, and on that basis denies them.

Answer to Paragraph 42: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 42, and on that basis denies them.

Answer to Paragraph 43: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 43, and on that basis denies them.

Answer to Paragraph 44: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 44, and on that basis denies them.

Answer to Paragraph 45: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 45, and on that basis denies them.

Answer to Paragraph 46: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 46, and on that basis denies them.

Answer to Paragraph 47: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 47, and on that basis denies them.

Answer to Paragraph 48: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 48, and on that basis denies them.

Answer to Paragraph 49: Paragraph 49 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 49, and on that basis denies them.

Answer to Paragraph 50: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 50, and on that basis denies them.

Answer to Paragraph 51: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 51, and on that basis denies them.

Answer to Paragraph 52: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 52, and on that basis denies them.

Answer to Paragraph 53: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 53, and on that basis denies them.

Answer to Paragraph 54: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 54, and on that basis denies them.

Answer to Paragraph 55: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 55, and on that basis denies them.

Answer to Paragraph 56: Paragraph 56 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 56, and on that basis denies them.

Answer to Paragraph 57: Paragraph 57 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum denies the legal conclusions in Paragraph 57. Baum lacks knowledge or information sufficient to form a belief about the truth of any remaining allegations in Paragraph 57, and on that basis denies them.

Answer to Paragraph 58: Baum admits that many states, cities, counties, and other governmental and private entities issue bonds to raise funds for many different purposes. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 58, and on that basis denies them.

Answer to Paragraph 59: Baum admits that: (1) municipal bonds usually pay interest at either a fixed or variable rate; (2) that bond investors purchase bonds in exchange for payment of a principal amount to the owner of the bonds; (3) bond issuers are required to repay the principal amount of the bonds to the owner of the bonds at the time of maturity; and (4) maturity

dates for municipal bonds can span periods of years. Baum denies any remaining allegations in Paragraph 59.

Answer to Paragraph 60: Baum denies the allegations in Paragraph 60 as legal conclusions, and respectfully refers the Court to the relevant IRS regulations for their content.

Answer to Paragraph 61: Baum denies the allegations in Paragraph 61.

Answer to Paragraph 62: Baum admits that issuers often invest unused bond proceeds until they are put to use for their stated purpose. Baum denies any remaining allegations in Paragraph 62.

Answer to Paragraph 63: Baum lacks knowledge or information sufficient to form a belief about the truth of any remaining allegations in Paragraph 63, and on that basis denies them.

Answer to Paragraph 64: Baum denies the allegations in Paragraph 64. Baum further denies that the diverse and distinct types of financial products referred to throughout the Complaint may accurately or meaningfully be grouped together under the single umbrella term "Municipal Derivatives."

Answer to Paragraph 65: Baum denies the allegations in the first sentence of Paragraph 65. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 65, and on that basis denies them.

Answer to Paragraph 66: Baum admits that issuers of bonds will sometimes engage a broker, and that brokers sometimes arrange auctions for the provision of some of the financial products mentioned in the Complaint. Baum denies the remaining allegations in Paragraph 66.

Answer to Paragraph 67: Baum admits that some issuers invest some bond proceeds in various financial products for various reasons. Baum denies any remaining allegations in Paragraph 67.

Answer to Paragraph 68: Baum denies the allegations in Paragraph 68.

Answer to Paragraph 69: Baum admits that "Forward Purchase Agreement" and "Forward Delivery Agreement" are terms used to describe a variety of financial products used from time to time in connection with part or all of bond proceeds. Baum denies the legal conclusions in Paragraph 69 and respectfully refers the Court to the relevant provisions of the Internal Revenue Code for their content. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 69, and on that basis denies them.

Answer to Paragraph 70: Baum admits that: (1) an unsecured, or uncollateralized, GIC does not involve securities; (2) issuers often set forth schedules on which they propose, or anticipate, withdrawing funds from a GIC; and (3) GICs often include terms that address the issue of deviation from proposed or anticipated draw schedules. Baum denies any remaining allegations in Paragraph 70.

Answer to Paragraph 71: Baum admits that some GICs are secured by collateral in the form of securities purchased or held by the issuer which are sold to, or returned, to the GIC provider over the course of the draw down of the GIC by the issuer. Baum denies any remaining allegations in Paragraph 71.

Answer to Paragraph 72: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in the first and second sentences of Paragraph 72, and on that basis denies them. Baum denies the third and sixth sentences of Paragraph 72 as legal

conclusions, and respectfully refers the Court to Section 148 of the Internal Revenue Code and any other relevant arbitrage rules for their content. Baum admits that it is not always possible to have investments in escrow maturing on precisely the same dates that amounts will be needed to pay principal or interest on the prior bonds. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 72, and on that basis denies them.

Answer to Paragraph 73: Baum admits that some issuers use swaps for a variety of purposes, including to hedge their exposure to interest rate risk. Baum further admits that types of interest rate swaps may include: (a) floating-for-fixed interest swap; (b) fixed-for-floating interest swap; and (c) floating-for-floating (basis-rate) swap, where the two are based on different indices (*i.e.*, LIBOR or BMA). Baum denies any remaining allegations Paragraph 73.

Answer to Paragraph 74: Baum denies the allegations in Paragraph 74.

Answer to Paragraph 75: Baum denies the allegations in Paragraph 75.

Answer to Paragraph 76: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 76, and on that basis denies them.

Answer to Paragraph 77: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 77, and on that basis denies them.

Answer to Paragraph 78: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 78, and on that basis denies them.

Answer to Paragraph 79: Baum denies the allegations in Paragraph 79.

Answer to Paragraph 80: Baum denies the allegations in Paragraph 80.

Answer to Paragraph 81: Baum denies the allegations in Paragraph 81 as legal conclusions, and respectfully refers the Court to the relevant IRS rules and regulations and the cited portions of the Internal Revenue Code for their content.

Answer to Paragraph 82: Baum admits that one of the purposes of the rules and regulations governing arbitration is to deny issuers the opportunity and ability to take advantage of tax exempt rates on municipal bonds by investing the bond proceeds at higher, non-tax exempt rates. Baum denies the legal conclusions in Paragraph 82, and respectfully refers the Court to the relevant IRS regulations for their content. Baum denies any remaining allegations in Paragraph 82.

Answer to Paragraph 83: Baum denies the allegations in Paragraph 83 as legal conclusions, and respectfully refers the Court to the relevant IRS and Treasury regulations for their content.

Answer to Paragraph 84: Baum denies the first sentence of Paragraph 84 as a legal conclusion, and respectfully refers the court to the relevant IRS regulations for their content. Baum denies the remaining allegations in Paragraph 84 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 84, and on that basis denies them.

Answer to Paragraph 85: Baum denies the allegations in Paragraph 85 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 85, and on that basis denies them.

Answer to Paragraph 86: Baum denies the allegations in Paragraph 86 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 86, and on that basis denies them.

Answer to Paragraph 87: Baum denies the allegations in Paragraph 87 to the extent they relate to Baum. In particular, Baum denies having knowingly participated in any illegal agreement, understanding, or conspiracy not to compete or to rig bids, and denies having breached fiduciary or other duties. Baum denies the legal conclusions in Paragraph 87. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 87, and on that basis denies them.

Answer to Paragraph 88: Baum denies the allegations in Paragraph 88 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 88, and on that basis denies them.

Answer to Paragraph 89: Baum denies the second sentence of footnote 2 to Paragraph 89. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 89, and on that basis denies them.

Answer to Paragraph 90: The second sentence of Paragraph 90 consists of Plaintiffs' characterization of their Complaint, to which no response is required. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 90, and on that basis denies them.

Answer to Paragraph 91: Baum denies the allegations in Paragraph 91 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 91, and on that basis denies them.

Answer to Paragraph 92: Baum denies the allegations in Paragraph 92 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 92, and on that basis denies them.

Answer to Paragraph 93: Baum denies the allegations in Paragraph 93 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 94, and on that basis denies them.

Answer to Paragraph 94: Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 94, and on that basis denies them.

Answer to Paragraph 95: Baum denies the allegations in Paragraph 95 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 95, and on that basis denies them.

Answer to Paragraph 96: Baum denies the allegations in Paragraph 96 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 96, and on that basis denies them.

Answer to Paragraph 97: Baum denies the allegations in Paragraph 97 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 97. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 97, and on that basis denies them.

Answer to Paragraph 98: Baum denies the allegations in Paragraph 98 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 98. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 98, and on that basis denies them.

Answer to Paragraph 99: Baum denies the allegations in Paragraph 99 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 99. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 99, and on that basis denies them.

Answer to Paragraph 100: Baum denies the allegations in Paragraph 100 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 100, and on that basis denies them.

Answer to Paragraph 101: Baum denies the allegations in Paragraph 101 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 101, and on that basis denies them.

Answer to Paragraph 102: Baum denies the allegations in Paragraph 102 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 102, and on that basis denies them.

Answer to Paragraph 103: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 103, and on that basis denies them.

Answer to Paragraph 104: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 104, and on that basis denies them.

Answer to Paragraph 105: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 105, and on that basis denies them.

Answer to Paragraph 106: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 106, and on that basis denies them.

Answer to Paragraph 107: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 107, and on that basis denies them.

Answer to Paragraph 108: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 108, and on that basis denies them.

Answer to Paragraph 109: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 109, and on that basis denies them.

Answer to Paragraph 110: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 110, and on that basis denies them.

Answer to Paragraph 111: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 111, and on that basis denies them.

Answer to Paragraph 112: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 112, and on that basis denies them.

Answer to Paragraph 113: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 113, and on that basis denies them.

Answer to Paragraph 114: Baum denies the allegations in Paragraph 114 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 114, and on that basis denies them.

Answer to Paragraph 115: Baum denies the allegations in Paragraph 115 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 115, and on that basis denies them.

Answer to Paragraph 116: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 116, and on that basis denies them.

Answer to Paragraph 117: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 117, and on that basis denies them.

Answer to Paragraph 118: Baum admits that it has brokered transactions in which Bank of America participated in the past. Baum denies any remaining allegations in Paragraph 118 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 118, and on that basis denies them.

Answer to Paragraph 119: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 119, and on that basis denies them.

Answer to Paragraph 120: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 120, and on that basis denies them.

Answer to Paragraph 121: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 121, and on that basis denies them.

Answer to Paragraph 122: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 122, and on that basis denies them.

Answer to Paragraph 123: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 123, and on that basis denies them.

Answer to Paragraph 124: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 124, and on that basis denies them.

Answer to Paragraph 125: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 125, and on that basis denies them.

Answer to Paragraph 126: Baum denies the allegations in Paragraph 126.

Answer to Paragraph 127: Baum denies the allegations in Paragraph 127 to the extent they relate to Baum. In particular, Baum denies that it knowingly participated in any rigged bidding, conspiracy, collusion, or courtesy bidding. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 127, and on that basis denies them.

Answer to Paragraph 128: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 128, and on that basis denies them.

Answer to Paragraph 129: Baum denies the allegations in Paragraph 129 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 129, and on that basis denies them.

Answer to Paragraph 130: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 130, and on that basis denies them.

Answer to Paragraph 131: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 131, and on that basis denies them.

Answer to Paragraph 132: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 132, and on that basis denies them.

Answer to Paragraph 133: Baum denies the allegations in Paragraph 133 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 133, and on that basis denies them.

Answer to Paragraph 134: Baum denies the allegations in Paragraph 134.

Answer to Paragraph 135: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 135, and on that basis denies them.

Answer to Paragraph 136: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 136, and on that basis denies them.

Answer to Paragraph 137: Baum denies the allegations in Paragraph 137 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 137, and on that basis denies them.

Answer to Paragraph 138: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 138, and on that basis denies them.

Answer to Paragraph 139: Baum denies the allegations in Paragraph 139 to the extent they relate to Baum. In particular, Baum denies participating in any illegal conspiracy, and denies ever submitting any market pricing letters where Baum knew that the market prices were premised on collusive activities. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 139, and on that basis denies them.

Answer to Paragraph 140: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 140, and on that basis denies them.

Answer to Paragraph 141: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 141, and on that basis denies them.

Answer to Paragraph 142: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 142, and on that basis denies them.

Answer to Paragraph 143: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 143, and on that basis denies them.

Answer to Paragraph 144: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 144, and on that basis denies them.

Answer to Paragraph 145: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 145, and on that basis denies them.

Answer to Paragraph 146: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 146, and on that basis denies them.

Answer to Paragraph 147: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 147, and on that basis denies them.

Answer to Paragraph 148: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 148, and on that basis denies them.

Answer to Paragraph 149: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 149, and on that basis denies them.

Answer to Paragraph 150: Baum denies the allegations in Paragraph 150 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 150, and on that basis denies them.

Answer to Paragraph 151: Baum denies the allegations in Paragraph 151 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 151, and on that basis denies them.

Answer to Paragraph 152: Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 152, and on that basis denies them.

Answer to Paragraph 153: Baum denies the allegations in Paragraph 153 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 153, and on that basis denies them.

Answer to Paragraph 154: Baum denies the allegations in Paragraph 154 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 154, and on that basis denies them.

Answer to Paragraph 155: Baum denies the allegations in Paragraph 155 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 155, and on that basis denies them.

Answer to Paragraph 156: Baum denies the allegations in Paragraph 156 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 156, and on that basis denies them.

Answer to Paragraph 157: Baum denies the allegations in Paragraph 157 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 157, and on that basis denies them.

Answer to Paragraph 158: Baum denies the allegations in Paragraph 158 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 158, and on that basis denies them.

Answer to Paragraph 159: Baum denies the allegations in Paragraph 159 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 159, and on that basis denies them.

Answer to Paragraph 160: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 160, and on that basis denies them.

Answer to Paragraph 161: Baum denies the allegations in Paragraph 161 to the extent they relate to Baum, and respectfully refers the Court to the relevant federal antitrust laws and IRS regulations for their content. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 161, and on that basis denies them.

Answer to Paragraph 162: Baum admits that the Antitrust Division of the DOJ has conducted some investigation relating to some municipal contracts. Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 162, and on that basis denies them.

Answer to Paragraph 163: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 163, and on that basis denies them.

Answer to Paragraph 164: Baum admits that it received a subpoena seeking certain information from Baum dating back to 1992, including organizational charts, telephone directories, and lists of individuals involved in relevant municipal contracts and containing a definition containing text similar to the text quoted in the second sentence of Paragraph 164, and respectfully refers the Court to the subpoena for its content. Baum denies the remaining allegations in Paragraph 164 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 164, and on that basis denies them.

Answer to Paragraph 165: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 165, and on that basis denies them.

Answer to Paragraph 166: Baum admits that it has received a subpoena from the U.S. Department of Justice seeking information related to municipal contracts. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 166, and on that basis denies them.

Answer to Paragraph 167: Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 167, and on that basis denies them.

Answer to Paragraph 168: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 168, and on that basis denies them. Baum respectfully refers the Court to the March 3, 2008 *Bond Buyer* article for its content.

Answer to Paragraph 169: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 169, and on that basis denies them.

Answer to Paragraph 170: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 170, and on that basis denies them.

Answer to Paragraph 171: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 171, and on that basis denies them.

Answer to Paragraph 172: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 172, and on that basis denies them. Baum respectfully refers the Court to Bank of America's 10-K filing for its content.

Answer to Paragraph 173: Baum admits that it received a Civil Investigative Demand from the Florida Attorney General. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 173, and on that basis denies them.

Answer to Paragraph 174: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 174, and on that basis denies them.

Answer to Paragraph 175: Baum denies the allegations in Paragraph 175 to the extent they relate to Baum. In particular, Baum denies participation in any conspiracy, and denies acts in furtherance of any conspiracy, including provision of confidential information concerning bids by Provider Defendants or Provider co-conspirators or the exchange of pricing information on negotiated or bidden transactions. Baum denies the legal conclusions in Paragraph 175. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 175, and on that basis denies them.

Answer to Paragraph 176: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 176, and on that basis denies them. Baum respectfully refers the Court to Bank of America's 2009 SEC filings for their content.

Answer to Paragraph 177: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 177, and on that basis denies them.

Answer to Paragraph 178: Baum denies the allegations in Paragraph 178 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 178. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 178, and on that basis denies them.

Answer to Paragraph 179: Baum denies the allegations in Paragraph 179 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 179. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 179, and on that basis denies them.

Answer to Paragraph 180: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 180, and on that basis denies them.

Answer to Paragraph 181: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 181, and on that basis denies them.

Answer to Paragraph 182: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 182, and on that basis denies them.

Answer to Paragraph 183: Paragraph 183 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent that response is required, Baum denies that the requirements for a class action have been met in this case, and respectfully refers

the Court to Federal Rules of Civil Procedure 23(a) and (b)(3) for their content. Baum denies the legal conclusions in Paragraph 183.

Answer to Paragraph 184: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 184, and on that basis denies them.

Answer to Paragraph 185: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 185, and on that basis denies them.

Answer to Paragraph 186: Baum denies the allegations in Paragraph 186.

Answer to Paragraph 187: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 187, and on that basis denies them.

Answer to Paragraph 188: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 188, and on that basis denies them.

Answer to Paragraph 189: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 189, and on that basis denies them.

Answer to Paragraph 190: Baum denies the allegations in Paragraph 190 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 190. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 190, and on that basis denies them.

Answer to Paragraph 191: Baum denies the allegations in Paragraph 191.

Answer to Paragraph 192: Baum admits that most municipal derivatives transactions are within the flow of or substantially affect interstate commerce. Baum denies the remaining allegations in Paragraph 192 to the extent they relate to Baum. In particular, Baum denies participation in any conspiracy. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 192, and on that basis denies them.

Answer to Paragraph 193: Baum admits that during some portion of the Class Period, it brokered transactions relating to municipal derivatives on behalf of issuers in states where Baum was not a citizen. Baum denies the remaining allegations in Paragraph 193 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 193, and on that basis denies them.

Answer to Paragraph 194: Baum denies the allegations in Paragraph 194. In particular, Baum denies having participated in any conspiracy. Baum denies the legal conclusions in Paragraph 194.

Answer to Paragraph 195: Paragraph 195 consists of Plaintiffs' characterization of their Complaint, to which no response is required. To the extent response is required, Baum denies the allegations in Paragraph 195 to the extent they relate to Baum. In particular, Baum denies it participated in any conspiracy and denies it violated Section 1 of the Sherman Act (15 U.S.C. § 1). Baum further denies that Plaintiffs are entitled to any relief from Baum. Baum denies the legal conclusions in Paragraph 195. Baum denies the legal conclusions in Paragraph 195. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 195, and on that basis denies them.

Answer to Paragraph 196: Baum denies the allegations in Paragraph 196 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 196, and on that basis denies them.

Answer to Paragraph 197: Baum denies the allegations in Paragraph 197 to the extent they relate to Baum. In particular, Baum denies having participated in any combination or conspiracy, and denies that members of the putative Class suffered any injury because of Baum.

Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 197, and on that basis denies them.

Answer to Paragraph 198: Paragraph 198 consists of Plaintiffs' characterization of their complaint, to which no response is required. To the extent response is required, Baum denies the allegations in Paragraph 198 to the extent they relate to Baum. In particular, Baum denies that Plaintiffs or members of the putative Class sustained injuries because of Baum, denies that it violated any laws, and denies that Plaintiffs are entitled to any relief from Baum. Baum denies the legal conclusions in Paragraph 198. Baum denies the legal conclusions in Paragraph 198. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 198, and on that basis denies them.

Answer to Paragraph 199: Baum denies the allegations in Paragraph 199 to the extent they relate to Baum. In particular, Baum denies participation in any combination or conspiracy. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 199, and on that basis denies them.

Answer to Paragraph 200: Baum denies the allegations in Paragraph 200 to the extent they relate to Baum. In particular, Baum denies having participated in any conspiracy. Baum denies the legal conclusions in Paragraph 200. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 200, and on that basis denies them. Baum respectfully refers the Court to the December 22, 2006 *Bond Buyer* article for its content.

Answer to Paragraph 201: Baum denies the allegations in Paragraph 201 to the extent they relate to Baum. Baum denies the legal conclusions in Paragraph 201. Baum lacks

knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 201, and on that basis denies them.

Answer to Paragraph 202: Baum denies the allegations in Paragraph 202 to the extent they relate to Baum. In particular, Baum denies having participated in any agreement, understanding, or conspiracy in violation of the antitrust laws. Baum denies the legal conclusions in Paragraph 202. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 202, and on that basis denies them.

Answer to Paragraph 203: Baum denies the allegations in Paragraph 203 to the extent they relate to Baum. In particular, Baum denies having participated in any conspiracy and denies having violated the antitrust laws. Baum denies the legal conclusions in Paragraph 203. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 203, and on that basis denies them.

Answer to Paragraph 204: Baum denies the allegations in Paragraph 204 to the extent they relate to Baum. In particular, Baum denies that it rigged bids, participated in a price-fixing conspiracy, or engaged in other unlawful collusive practices. Baum denies the legal conclusions in Paragraph 204. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 204, and on that basis denies them.

Answer to Paragraph 205: Baum denies the allegations in Paragraph 205 to the extent they relate to Baum, and respectfully refers the Court to the IRS regulations for their content. Baum denies the legal conclusions in Paragraph 205. Baum denies the legal conclusions in Paragraph 205. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 205, and on that basis denies them.

Answer to Paragraph 206: Baum denies the allegations in Paragraph 206 to the extent they relate to Baum. In particular, Baum denies that it supplied false market pricing letters. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 206, and on that basis denies them.

Answer to Paragraph 207: Baum denies the allegations in Paragraph 207 to the extent they relate to Baum. In particular, Baum denies having falsely assured any Plaintiff that Baum was acting as its fiduciary agent, denies having falsely assured any Plaintiff that it was soliciting bids for municipal derivatives that were fair and competitively priced, denies having falsely assured any Plaintiff that it complied with IRS rules and regulations, and respectfully refers the Court to the relevant IRS rules and regulations for their content. Baum denies the legal conclusions in Paragraph 207. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 207, and on that basis denies them.

Answer to Paragraph 208: Baum denies the allegations in Paragraph 208 to the extent they relate to Baum, and respectfully refers the Court to the December 22, 2006 *Bond Buyer* article and to the December 7, 2006 Bloomberg article for their content. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 208, and on that basis denies them.

Answer to Paragraph 209: Baum denies the allegations in Paragraph 209 to the extent they relate to Baum. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 209, and on that basis denies them.

Answer to Paragraph 210: Baum denies the allegations in Paragraph 210 to the extent they relate to Baum. In particular, Baum denies that it made fraudulent representations to

Baltimore. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 210, and on that basis denies them.

Answer to Paragraph 211: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 211, and on that basis denies them.

Answer to Paragraph 212: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 212, and on that basis denies them.

Answer to Paragraph 213: Baum denies the allegations in Paragraph 213 to the extent they relate to Baum. In particular, Baum denies that it committed any "violation," denies that it conducted any conspiracy, denies that it engaged in any unlawful conduct, and denies that it fraudulently concealed any activity. Baum denies the legal conclusions in Paragraph 213. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 213, and on that basis denies them.

Answer to Paragraph 214: Baum denies the allegations in Paragraph 214 to the extent they relate to Baum. In particular, Baum denies having engaged in any price-fixing conspiracy. Baum denies the legal conclusions in Paragraph 214. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 214, and on that basis denies them.

Answer to Paragraph 215: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 215, and on that basis denies them.

Answer to Paragraph 216: Baum lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 216, and on that basis denies them.

Answer to Paragraph 217: Baum denies the allegations in the first sentence of Paragraph 217. The November 17, 2006 *Bond Buyer* report and the May 18, 2007 Bloomberg

news report speak for themselves, and Baum denies any allegations in Paragraph 217 inconsistent with them. Baum denies that any statement by Charles Youtz was intended to mislead or did mislead Plaintiffs. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 217, and on that basis denies them.

Answer to Paragraph 218: Baum denies the allegations in Paragraph 218 to the extent they relate to Baum. In particular, Baum denies having participated in any conspiracy, and denies having fraudulently concealed anything. Baum denies the legal conclusions in Paragraph 218. Baum lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 218, and on that basis denies them.

Answer to Prayers for Relief: Baum denies that Plaintiffs are entitled to any relief from Baum, including the relief contained in Plaintiffs' prayers for relief A–E. Baum denies the legal conclusions in Plaintiffs' prayers for relief. To the extent that Plaintiffs' prayers for relief contain allegations against Baum, Baum denies them. In addition, Baum denies any remaining allegations in the Complaint to which it has not already responded.

BAUM'S DEFENSES AND AFFIRMATIVE DEFENSES

Without assuming any burden of proof that it would not otherwise bear, Baum asserts the following defenses and affirmative defenses:

1. Plaintiffs have failed to state a claim against Baum upon which relief can be granted.
2. Plaintiffs' claims fail because Plaintiffs cannot establish the essential elements of their claims.
3. Plaintiffs' claims are barred, in whole or in part, by Plaintiffs' lack of standing.

4. Any and all of Baum's actions challenged by Plaintiffs were justified, constitute *bona fide* business competition, and were carried out in furtherance of Baum's legitimate business interests.

5. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs have suffered no injury in fact.

6. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs have suffered no antitrust injury as the result of the alleged conduct.

7. Plaintiffs' claims are barred or limited by the federal statutes and regulations, and enforcement thereof, governing the investment of the proceeds of tax-exempt bonds.

8. Any injury or damage to Plaintiffs was caused by the acts and omissions of others, and not by Baum.

9. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs' alleged damages, if any, are too speculative or remote, and because of the impossibility of the proof and allocation of these alleged damages.

10. Plaintiffs' claims are barred, in whole or in part, for failing to mitigate damages.

11. Plaintiffs' claims fail because they fail to satisfy the legal and factual requirements for class actions.

12. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs are not appropriate class representatives.

13. Plaintiffs' claims are improperly joined because they did not arise out of the same transaction, occurrence, or series of transactions' or occurrences and/or do not involve any questions of law or fact common to all Plaintiffs or to all Defendants.

14. Plaintiffs' claims are barred, in whole or in part, for failure to join indispensable parties.

15. Plaintiffs' claims are barred by the applicable statute or statutes of limitations.

16. Plaintiffs cannot establish any grounds for tolling the applicable limitations period.

17. Plaintiffs' claims are barred, in whole or in part, by the equitable doctrine of laches.

18. Plaintiffs' claims are barred, in whole or in part, by the *in pari delicto* doctrine.

19. Plaintiffs' claims are barred, in whole or in part, by the equitable doctrines of estoppel, waiver, and unclean hands.

20. Baum denies knowledge of or participation in any conspiracy. But to the extent that Baum is deemed to have joined any conspiracy, it withdrew from such conspiracy.

21. Baum hereby adopts and incorporates by reference any and all other defenses asserted or to be asserted by any other defendant to the extent Baum may share in such defense.

BAUM'S RESERVATION OF RIGHTS TO ASSERT ADDITIONAL DEFENSES

Baum has not knowingly or intentionally waived any applicable defenses, and it reserves the right to assert and rely upon other applicable defenses that may become available or apparent during discovery in this matter. Baum reserves the right to amend or seek to amend its answer or defenses.

BAUM'S PRAYERS FOR RELIEF

WHEREFORE, Defendant Baum prays this Court:

- A. Dismiss the Complaint as to Baum with prejudice;
- B. Deny Plaintiffs any relief from Baum whatsoever;

- C. Enter judgment in favor of Baum; and
- D. Grant Baum its costs and such other and further relief as this Court may deem just and equitable under the circumstances.

Dated: June 4, 2010.

/s/ John V. McDermott
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